



The Game changer of South Coast development

KZN216
RAY NKONYENI LOCAL
MUNICIPALITY

TABLE BUDGET AND MTREF 2017/2018

PREPARED BY: BUDGET AND TREASURY OFFICE

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1. Mayor's Budget Speech

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Glossary

Adjustments Budget – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations – Money received from Provincial or National Government or other municipalities.

Assessment Rates – Local Government taxation based on an assessed value of a property. To determine the rates payable, the assessed ratable value is multiplied by the rate in the rand.

Budget – The financial plan of the Municipality.

Budget Related Policy – Policy of a municipality affecting or affected by the budget, such as the tariffs policy, rates policy and credit control and debt collection policy.

Capital Expenditure – Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's Statement of Financial Position.

Cash flow statement – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it

scores as expenditure in the month it is received, even though it may not be paid in the same period.

DORA – Division of Revenue Act. Annual piece of legislation that shows the amount of allocations from national to local government.

Equitable Share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

Fruitless and wasteful expenditure – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

GFS – Government Finance Statistics. An internationally recognized classification system that facilitates like for like comparison between municipalities.

GRAP – Generally Recognized Accounting Practice. The new standard for municipal accounting and basis upon which the Annual Financial Statements are prepared.

IDP – Integrated Development Plan. The main strategic planning document of the Municipality

KPI's – Key Performance Indicators. Measures of service output and/or outcome.

MFMA – The Municipal Finance Management Act – no 53 of 2003. The principle piece of legislation relating to municipal financial management.

MTREF – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.

Operating Expenditure – Spending on the day to day expenses of the Municipality such as salaries and wages.

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Strategic Objectives – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Unauthorized expenditure – Generally, spending without, or in excess of, an approved budget.

Virement – A transfer of budget.

Virement Policy - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

Vote – One of the main segments into which a budget is divided. In RAY NKONYENI LOCAL Municipality this means at directorate level.

3. Executive Summary

The application of sound financial management principles for the compilation of the RAY NKONYENI LOCAL Municipality's Budget is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainability, economically and equitably to all communities.

The RAY NKONYENI LOCAL Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 78 and 79 were used to guide the compilation of the 2016/17 MTREF which indicates the following amongst other things: guidance on budgeting for municipalities affected by redetermination of boundaries.

3.1 MFMA Circulars

National Treasury sent out MFMA Circular No. 82 and 86 providing guidance to municipalities on their 2016/17 budgets and Medium Term Revenue and Expenditure Framework (MTREF). Circular 66 was followed up by Circular no.67 dated 12 March 2013. Circular No. 66 & 67 reminds us of the key focus areas for the 2016/2017 budget process, and that it must be read together with MFMA Circulars no. 48, 51, 54, 55, 58 and 59. It is essential reading material in order to understand the background to this budget.

National Treasury has also set out the requirements for funding the budget and producing a credible budget.

3.1.1 Funding the Budget

Section 18(1) of the MFMA states that an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash-backed accumulated funds from previous years' surpluses not Committed for other purposes; and
- Borrowed funds, but only for the capital budget referred to in section 17(2).

Achievement of this requirement in totality effectively means that a Council has surplus in its budget by ensuring that a budgeted outflow does not exceed planned inflows.

Under old budget formats income generated approach was a key objective and this assisted in ensuring that outflows were matched by inflows, provided revenue collections were realistic. However, GRAP compliant budgets necessitate that budget 'balancing' be much more comprehensive.

New budgeting and accounting formats demand that the budgeted Statement of Financial Performance, the Budgeted Statement of Financial Position and the Budgeted Statement of Cash Flows must be considered simultaneously to ensure effective financial management and sustainability.

3.1.2 A Credible Budget

Amongst other things, a credible budget is a budget that:

- Funds only activities consistent with the revised IDP and vice versa ensuring the IDP is realistically achievable given the financial constraints of the municipality;
- Is achievable in terms of agreed service delivery and performance targets;
- Contains revenue and expenditure projections that are consistent with Current and past performance and supported by documented evidence of future assumptions;
- Does not jeopardize the financial viability of the municipality (ensures that The financial position is maintained within generally accepted prudential limits and that obligations can be met in the short, medium and long term); and
- Provides managers with appropriate levels of delegation sufficient to meet their financial management responsibilities.

A budget sets out certain service delivery levels and associated financial implications. Therefore the community should realistically expect to receive these promised service delivery levels and understand the associated financial implications. Major under spending due to under collection of revenue or poor planning is a clear example of a budget that is not credible and unrealistic.

Furthermore, budgets tabled for consultation at least 90 days prior to the start of the budget year should already be credible and fairly close to the final approved budget.

The main challenges experienced during the compilation of the Budget 2016/17 MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained roads and electricity infrastructure;
- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost and electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;

The following budget principles and guidelines directly informed the compilation of the 2017/18 Budget:

- The 2015/16 Adjustments Budget priorities and targets for disestablished municipality's, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2016/17 budget;
- Audited AFS for 2015 for both municipalities were also used as a guide for the compilation of the 2016/17 Budget.

- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- The 2016 Division of Revenue Bill issued on 18 February 2016 and a revised that details the allocations that the municipality need to be reflected in the budget
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazette as required by the annual Division of Revenue Act;
- The relevant policy developments in the different sectors proposals from the National Energy Regulator of South Africa (NERSA)
- Macro economics forecast has been taken onto account when preparing the salaries budget, the current CPI plus 1 percent for 2017/18 financial year.
- The upper limit was set for the following items and allocations to these items had to be supported by a list and/or motivation setting out the intention and cost of the expenditure which was used to priorities expenditures:
 - Special Projects;
 - Consultant Fees;
 - Furniture and office equipment;
 - Special Events;
 - Refreshments and entertainment;
 - Ad-hoc travelling; and
 - Subsistence, Travelling & Conference fees

In view of the aforementioned, the following table is a consolidated overview of the proposed 2017/18 Medium-term Revenue and Expenditure Framework.

Table 1 Consolidated Overview

KZN216 Ray Nkonyeni - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
Financial Performance										
Property rates	-	-	-	345,276	345,102	345,102	-	358,959	380,551	403,384
Service charges	-	-	-	183,536	175,536	175,536	-	166,659	176,658	187,258
Investment revenue	-	-	-	6,822	4,535	4,535	-	3,400	3,604	3,820
Transfers recognised - operational	-	-	-	200,962	202,662	202,662	-	217,730	218,711	222,685
Other own revenue	-	-	-	100,630	94,450	94,450	-	83,259	63,504	67,314
Total Revenue (excluding capital transfers and contributions)	-	-	-	837,226	822,285	822,285	-	830,008	843,028	884,461
Employee costs	-	-	-	337,347	359,690	359,690	-	349,616	370,593	392,829
Remuneration of councillors	-	-	-	25,448	25,448	25,448	-	26,974	28,593	30,308
Depreciation & asset impairment	-	-	-	70,058	70,658	70,658	-	70,658	74,961	79,517
Finance charges	-	-	-	4,373	4,086	4,086	-	4,286	4,543	4,815
Materials and bulk purchases	-	-	-	136,879	130,851	130,851	-	124,208	138,887	148,149
Transfers and grants	-	-	-	10,393	10,393	10,393	-	9,945	10,481	11,050
Other expenditure	-	-	-	251,896	305,040	305,040	-	309,038	309,488	328,057
Total Expenditure	-	-	-	836,394	906,166	906,166	-	894,725	937,547	994,726
Surplus/(Deficit)	-	-	-	832	(83,881)	(83,881)	-	(64,717)	(94,519)	(110,265)
Transfers and subsidies - capital (monetary allocation)	-	-	-	121,838	82,280	82,280	-	98,202	102,880	130,103
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	-	-	122,669	(1,600)	(1,600)	-	33,485	8,361	19,838
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	-	-	-	122,669	(1,600)	(1,600)	-	33,485	8,361	19,838
Capital expenditure & funds sources										
Capital expenditure	-	-	-	146,428	153,311	153,311	-	132,788	140,755	149,201
Transfers recognised - capital	-	-	-	126,498	141,701	141,701	-	98,202	102,880	130,103
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	19,930	11,610	11,610	-	34,586	37,875	19,097
Total sources of capital funds	-	-	-	146,428	153,311	153,311	-	132,788	140,755	149,201
Financial position										
Total current assets	-	-	-	326,888	315,087	315,087	-	308,809	319,258	348,576
Total non current assets	-	-	-	1,505,796	1,512,500	1,512,500	-	1,573,691	1,638,342	1,707,897
Total current liabilities	-	-	-	166,571	166,571	166,571	-	169,740	179,460	188,741
Total non current liabilities	-	-	-	116,715	117,513	117,513	-	117,513	114,776	113,990
Community wealth/Equity	-	-	-	949,443	1,543,503	1,543,503	-	1,595,247	1,663,364	1,753,741
Cash flows										
Net cash from (used) operating	-	-	-	173,977	128,145	128,145	-	93,711	92,276	91,377
Net cash from (used) investing	-	-	-	(146,428)	(145,645)	(145,645)	-	(126,149)	(98,290)	(75,563)
Net cash from (used) financing	-	-	-	800	800	800	-	(5,722)	(4,724)	1,050
Cash/cash equivalents at the year end	-	-	-	28,349	(16,700)	(16,700)	-	57,145	46,407	63,271
Cash backing/surplus reconciliation										
Cash and investments available	-	-	-	103,906	95,305	95,305	-	57,145	46,407	63,271
Application of cash and investments	-	-	-	(109,599)	(102,162)	(102,162)	-	4,742	22,758	3,682
Balance - surplus (shortfall)	-	-	-	213,505	197,467	197,467	-	52,403	23,648	59,588
Asset management										
Asset register summary (WDV)	-	-	-	1,387,309	1,394,013	1,394,013	235,621	235,621	235,621	235,621
Depreciation	-	-	-	70,058	70,658	70,658	70,658	70,658	74,897	79,391
Renewal of Existing Assets	-	-	-	-	-	-	-	9,865	4,805	2,965
Repairs and Maintenance	-	-	-	54,052	50,139	50,139	43,959	43,959	46,596	49,392
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	44,403	47,375	47,375	87,064	87,064	92,288	97,825
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Total operating revenue is R830 million and increase by R13 020.8 million over the MTREF.

Total operating expenditure for the 2017/18 budget will be R894.7 million and overall budgeted performance is showing a surplus of R12.8 million. The budget performance also include non-cash item for depreciation and asset impairment to the value of R71 million.

Capital expenditure for the year as per the budget amounts to R132.8 million. This budget is funded through transfer's recognized capital and internal funds.

5. Operating Revenue Framework

For RAY NKONYENI LOCAL Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 100 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and

The following table is a summary of the 2017/18 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

KZN216 Ray Nkonyeni - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
Financial Performance										
Property rates	-	-	-	345,276	345,102	345,102	-	358,959	380,551	403,384
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Transfers recognised - operational	-	-	-	200,962	202,662	202,662	-	217,730	218,711	222,685
Other own revenue	-	-	-	100,630	94,450	94,450	-	83,259	63,504	67,314
Total Revenue (excluding capital transfers and contributions)	-	-	-	837,226	822,285	822,285	-	830,008	843,028	884,461

Revenue generated from rates, services charges and transfers from grants forms a significant percentage of the revenue basket for the municipality. Rates, service charge revenues and transfers and grants comprise more than two thirds of the total revenue mix.

In the 2017/18 financial year, revenue from rates, services charges, other revenue and transfers and grants totaled R830.0 million. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity.

Property rates are the first largest revenue source totaling R359 million rand in 2017/18. The second and third largest sources are revenue from transfers and grants operational followed by service charges which are R217.7 million and R166.7million respectively.

Other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Figure 1 Sources of revenue

Table 3 Operating Transfers and Grant Receipts

KZN216 Ray Nkonyeni - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
RECEIPTS:	1, 2									
<u>Operating Transfers and Grants</u>										
National Government:		-	-	-	188,598	188,598	188,598	201,028	203,012	205,593
Local Government Equitable Share					165,774	165,774	165,774	175,556	184,983	191,993
Finance Management					3,450	3,450	3,450	3,600	3,600	3,600
Integrated National Electrification Programme					7,000	7,000	7,000	14,000	14,429	10,000
EPWP Incentive					2,660	2,660	2,660	3,306	-	-
Municipal Demarcation Transition Grant					9,714	9,714	9,714	4,566	-	-
Provincial Government:		-	-	-	12,365	14,065	14,065	16,702	15,699	17,092
Accreditation Grant					3,378	3,378	3,378	5,082	5,082	5,082
Museum Grant					344	344	344	350	368	386
Provincialisation of Libraries Grant					7,436	7,436	7,436	9,670	10,249	11,124
Community Library Service Grant					1,207	1,207	1,207	-	-	-
0						1,700	1,700	1,600	-	500
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Total Operating Transfers and Grants	5	-	-	-	200,963	202,663	202,663	217,730	218,711	222,685

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the municipality

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilized for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity, petrol, diesel, chemicals, cement etc.

The current challenge facing the municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

5.1. Property Rates

National Treasury's MFMA Circular No. 58 and 59 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R85 000 and R50 000 reduction on the market value of a property for residential and vacant land categories respectively ,will be granted in terms of the municipality's own Property Rates Policy;
- 100 per cent rebate will be granted to registered indigents and child headed household in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons whose household income equal 2 state pensions, 4 state pensions and 6 state pensions will receive a rebate of 75%, 50% and 25 % respectively in terms of Rates policy.
- Indigents, in terms of the indigent policy are exempt from paying rates if the value of the property is less than R320 000.00.

The categories of rate-able properties for purposes of levying rates the proposed rates increase for the 2017/18 financial year is 7 per cent and the table below reflect individual municipality tariff for rates since the new valuation and new tariffs will be implemented in 2017/18 budget year.

Table 4 Proposed rates increase for the 2017/18 financial year

Description	Ref	Provide description of tariff structure where appropriate	2013/14	2014/15	2015/16	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework		
							Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Property rates (rate in the Rand)	1								
Residential properties						0.0254	0.0263	0.0272	0.0282
Residential properties - vacant land						0.0109	0.0113	0.0117	0.0121
Formal/informal settlements						-	-	-	-
Small holdings						0.0205	0.0212	0.0219	0.0227
Farm properties - used						0.0031	0.0032	0.0033	0.0034
Farm properties - not used						0.0023	0.0023	0.0024	0.0025
Industrial properties						0.0304	0.0314	0.0325	0.0337
Business and commercial properties						0.0304	0.0314	0.0325	0.0337
Communal land - residential						0.0005	0.0005	0.0005	0.0005
Communal land - small holdings						-	-	-	-
Communal land - farm property						0.0010	0.0011	0.0011	0.0011
Communal land - business and commercial						-	-	-	-
Communal land - other						0.0005	0.0005	0.0005	0.0005
State-owned properties						0.0050	0.0052	0.0054	0.0056
Municipal properties						-	-	-	-
Public service infrastructure						0.0038	0.0039	0.0041	0.0042
Privately owned towns serviced by the State trust land						0.0205	0.0212	0.0219	0.0227
Restitution and redistribution properties									
Protected areas									
National monuments properties									
Exemptions, reductions and rebates (Rands)									
Residential properties									
R15 000 threshold rebate			15,000	15,000	15,000	15,000	15,000	15,000	15,000

General residential rebate								
Indigent rebate or exemption								
Pensioners/social grants rebate or exemption								
Temporary relief rebate or exemption								
Bona fide farmers rebate or exemption								
Other rebates or exemptions	2							
Water tariffs								
Domestic								
Basic charge/ fixed fee (Rands/month)								
Service point - vacant land (Rands/month)								
Water usage - flat rate tariff (c/kl)								
Water usage - life line tariff								
Water usage - Block 1 (c/kl)								
Water usage - Block 2 (c/kl)								
Water usage - Block 3 (c/kl)								
Water usage - Block 4 (c/kl)								
Other	2							
Waste water tariffs								
Domestic								
Basic charge/ fixed fee (Rands/month)								
Service point - vacant land (Rands/month)								
Waste water - flat rate tariff (c/kl)								
Volumetric charge - Block 1 (c/kl)								
Volumetric charge - Block 2 (c/kl)								
Volumetric charge - Block 3 (c/kl)								
Volumetric charge - Block 4 (c/kl)								
Other	2							
Electricity tariffs								
Domestic								
Basic charge/ fixed fee (Rands/month)								
Service point - vacant land (Rands/month)								
FBE								
Life-line tariff - meter								
Life-line tariff - prepaid								
Flat rate tariff - meter (c/kwh)								
Flat rate tariff - prepaid(c/kwh)								
Meter - IBT Block 1 (c/kwh)								
Meter - IBT Block 2 (c/kwh)								
Meter - IBT Block 3 (c/kwh)								
Meter - IBT Block 4 (c/kwh)								
Meter - IBT Block 5 (c/kwh)								
Prepaid - IBT Block 1 (c/kwh)								
Prepaid - IBT Block 2 (c/kwh)								
Prepaid - IBT Block 3 (c/kwh)								
Prepaid - IBT Block 4 (c/kwh)								
Prepaid - IBT Block 5 (c/kwh)								
Other	2							
Waste management tariffs								
Domestic								
Street cleaning charge								
Basic charge/ fixed fee								
80l bin - once a week								
250l bin - once a week								

5.2. Sale of Electricity and Impact of Tariff Increases

Considering the Eskom increases of 0.31%, the consumer tariff had to be increased by 6 per cent to offset the additional bulk purchase cost from 1 July 2017. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

5.3. Waste Removal and Impact of Tariff Increases

The municipality has implemented a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to solid waste are maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration. Currently solid waste removal is operating at a surplus.

5.4. Other Tariff of Charges

Other tariff of charges such licenses and permits, town planning, fines and other revenue have been increased by 6 per cent and tariff of charges is attached as annexure.

It must be noted that the Town planning related tariffs were not increased in the 2017/18 financial year in order to promote economic development in the RAY NKONYENI LOCAL area.

6. Operating Expenditure Framework

The Municipality's expenditure framework for the 2017/18 budget and MTREF is informed by the following:

- Budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and

Table 5 Summary of operating expenditure by standard classification item

Expenditure By Type											
Employee related costs	2	-	-	-	337,347	359,690	359,690	-	349,616	370,593	392,829
Remuneration of councillors					25,448	25,448	25,448		26,974	28,593	30,308
Debt impairment	3				682	3,882	3,882		3,200	3,392	3,596
Depreciation & asset impairment	2	-	-	-	70,058	70,658	70,658	-	70,658	74,961	79,517
Finance charges					4,373	4,086	4,086		4,286	4,543	4,815
Bulk purchases	2	-	-	-	86,712	80,712	80,712	-	80,712	92,782	99,277
Other materials	8				50,167	50,139	50,139		43,496	46,105	48,872
Contracted services		-	-	-	38,179	49,168	49,168	-	50,412	53,440	56,646
Transfers and subsidies		-	-	-	10,393	10,393	10,393	-	9,945	10,481	11,050
Other expenditure	4, 5	-	-	-	213,035	251,990	251,990	-	255,425	252,656	267,816
Loss on disposal of PPE											
Total Expenditure		-	-	-	836,394	906,166	906,166	-	894,725	937,547	994,726

Table 6 Employee related costs details and councilors

KZN216 Ray Nkonyeni - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages					23,580	23,580	23,580	23,736	25,160	26,669
Pension and UIF Contributions										
Medical Aid Contributions										
Motor Vehicle Allowance										
Cellphone Allowance					1,374	1,374	1,374	1,637	1,735	1,839
Housing Allowances										
Other benefits and allowances					493	493	493	571	605	641
Sub Total - Councillors		-	-	-	25,448	25,448	25,448	25,943	27,500	29,150
% increase	4		-	-	-	-	-	1.9%	6.0%	6.0%
Senior Managers of the Municipality	2									
Basic Salaries and Wages					11,033	11,033	11,033	9,890	10,484	11,113
Pension and UIF Contributions					6	6	6	317	337	357
Medical Aid Contributions										
Overtime										
Performance Bonus					799	799	799			
Motor Vehicle Allowance										
Cellphone Allowance	3							114	121	128
Housing Allowances	3									
Other benefits and allowances	3				298	298	298	226	240	254
Payments in lieu of leave					74	74	74			
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		-	-	-	12,209	12,209	12,209	10,548	11,180	11,851
% increase	4		-	-	-	-	-	(13.6%)	6.0%	6.0%
Other Municipal Staff										
Basic Salaries and Wages					216,862	216,862	216,862	259,072	274,616	291,093
Pension and UIF Contributions					40,249	41,646	41,646	48,978	51,917	55,032
Medical Aid Contributions					20,860	20,992	20,992	26,050	27,613	29,269
Overtime					8,591	13,393	13,393	13,393	14,197	15,048
Performance Bonus					17,229	17,373	17,373	20,778	22,025	23,346
Motor Vehicle Allowance	3				11,525	11,996	11,996	13,908	14,743	15,627
Cellphone Allowance	3				1,937	2,073	2,073	701	743	787
Housing Allowances	3				3,043	3,128	3,128	2,409	2,554	2,707
Other benefits and allowances	3				7,598	8,388	8,388	11,495	12,184	12,915
Payments in lieu of leave					697	2,637	2,637	2,637	2,796	2,963
Long service awards					39	837	837	837	887	940
Post-retirement benefit obligations	6				161	10,278	10,278	10,278	10,895	11,548
Sub Total - Other Municipal Staff		-	-	-	328,791	349,602	349,602	339,069	359,392	380,935
% increase	4		-	-	-	6.3%	-	(3.0%)	6.0%	6.0%
Total Parent Municipality		-	-	-	366,448	387,258	387,258	375,560	398,072	421,936

The budgeted allocation for employee related costs, senior management and councilors for the 2017/18 financial year totals R349.6 million, which equals 39 per cent of the total operating expenditure. The salary increases have been factored into this budget at a percentage increase of 7 per cent for the 2017/18 financial year and also it must be noted that there are other line items within employee costs e.g. overtime, standby allowances, salaries temps, pension funds contributions which were not kept at 7 per cent increase as compared to basic salary increase.

The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the municipality's budget.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R71 million for the 2016/17 financial and equates to 8 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (Cost of capital). Finance charges make up 0.5 per cent (R4.3 million) of operating expenditure budget excluding annual redemption.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The increase is 0.31 per cent as per NERSA Guidelines.

Repairs and maintenance comprises of amongst others the purchase of fuel, diesel, materials for maintenance, potholes, cleaning materials and chemicals. This group of expenditure has been prioritized to ensure sustainability of the municipality's infrastructure especially potholes.

R43. million repairs and maintenance budgeted.

Contracted services equal to 17.8 per cent of the expenditure budget and has been budgeted at R50.4 million.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. The salient features of general expenses have been the following:

- Tertiary registration assistance R 750 thousand
- Insurance all assets R 2.7 million
- Subscriptions SALGA–R 700 000
- Ward committee allowance –2.2 million
- Back to School Campaign –R250 thousand
- Caucus Fees R204 thousand
- Youth Empowerment–R1.7 million
- Children's rights R120 thousand
- Senior Citizen R300 thousand
- People living with disability R139 thousand
- EPWP–R3.3 million
- Training and workshops R4.86 million
- Councilors training R250 thousand
- Security monitoring charges R12 million
- Refuse site disposal charges R5.9 million
- Refuse bags R2 million

6.1. Priority given to repairs and maintenance

During the compilation of the 2016/17 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the municipality's infrastructure and historic deferred maintenance especially roads. To this end, repairs and maintenance was R43 million. The municipality has an infrastructure maintenance plan to ensure that assets That all are in good condition.

6.2 Free Basic Services: Basic Social Service Package

The social package assists households that are poor or face circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy and the policy is reviewed annually. The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

7. Capital Expenditure Framework

Table 7 Capital expenditure by funding source

Funded by:											
National Government				57,817	57,817	57,817		62,615	66,187	69,956	
Provincial Government				68,681	83,885	83,885		35,587	36,693	60,147	
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	-	-	-	126,498	141,701	141,701	-	98,202	102,880	130,103
Public contributions & donations	5										
Borrowing	6										
Internally generated funds					19,930	11,610	11,610	34,586	37,875	19,097	
Total Capital Funding	7	-	-	-	146,428	153,311	153,311	-	132,788	140,755	149,201

The main source of funding of the 2017/18 Capital budget of R132.8 million is transfers recognized capital from National and provincial departments, followed by internally generated funds from reserves of R7.2 million. Capital projects are group per cluster, municipal wide and departmental. RAY NKONYENI LOCAL has 7 clusters and subject to review by new council total capital amounts to 129 million.

PART 2 MAIN BUDGET TABLES

8. Annual Budget Tables

The following are the main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. **Table 8 MBRR Table A1 - Budget Summary**

KZN216 Ray Nkonyeni - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
Financial Performance										
Property rates	-	-	-	345,276	345,102	345,102	-	358,959	380,551	403,384
Service charges	-	-	-	183,536	175,536	175,536	-	166,659	176,658	187,258
Investment revenue	-	-	-	6,822	4,535	4,535	-	3,400	3,604	3,820
Transfers recognised - operational	-	-	-	200,962	202,662	202,662	-	217,730	218,711	222,685
Other own revenue	-	-	-	100,630	94,450	94,450	-	83,259	63,504	67,314
Total Revenue (excluding capital transfers and contributions)	-	-	-	837,226	822,285	822,285	-	830,008	843,028	884,461
Employee costs	-	-	-	337,347	359,690	359,690	-	349,616	370,593	392,829
Remuneration of councillors	-	-	-	25,448	25,448	25,448	-	26,974	28,593	30,308
Depreciation & asset impairment	-	-	-	70,058	70,658	70,658	-	70,658	74,961	79,517
Finance charges	-	-	-	4,373	4,086	4,086	-	4,286	4,543	4,815
Materials and bulk purchases	-	-	-	136,879	130,851	130,851	-	124,208	138,887	148,149
Transfers and grants	-	-	-	10,393	10,393	10,393	-	9,945	10,481	11,050
Other expenditure	-	-	-	251,896	305,040	305,040	-	309,038	309,488	328,057
Total Expenditure	-	-	-	836,394	906,166	906,166	-	894,725	937,547	994,726
Surplus/(Deficit)	-	-	-	832	(83,881)	(83,881)	-	(64,717)	(94,519)	(110,265)
Transfers and subsidies - capital (monetary allocated)	-	-	-	121,838	82,280	82,280	-	98,202	102,880	130,103
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	-	-	122,669	(1,600)	(1,600)	-	33,485	8,361	19,838
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	-	-	-	122,669	(1,600)	(1,600)	-	33,485	8,361	19,838
Capital expenditure & funds sources										
Capital expenditure	-	-	-	146,428	153,311	153,311	-	132,788	140,755	149,201
Transfers recognised - capital	-	-	-	126,498	141,701	141,701	-	98,202	102,880	130,103
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	19,930	11,610	11,610	-	34,586	37,875	19,097
Total sources of capital funds	-	-	-	146,428	153,311	153,311	-	132,788	140,755	149,201
Financial position										
Total current assets	-	-	-	326,888	315,087	315,087	-	308,809	319,258	348,576
Total non current assets	-	-	-	1,505,796	1,512,500	1,512,500	-	1,573,691	1,638,342	1,707,897
Total current liabilities	-	-	-	166,571	166,571	166,571	-	169,740	179,460	188,741
Total non current liabilities	-	-	-	116,715	117,513	117,513	-	117,513	114,776	113,990
Community wealth/Equity	-	-	-	949,443	1,543,503	1,543,503	-	1,595,247	1,663,364	1,753,741
Cash flows										
Net cash from (used) operating	-	-	-	173,977	128,145	128,145	-	93,711	92,276	91,377
Net cash from (used) investing	-	-	-	(146,428)	(145,645)	(145,645)	-	(126,149)	(98,290)	(75,563)
Net cash from (used) financing	-	-	-	800	800	800	-	(5,722)	(4,724)	1,050
Cash/cash equivalents at the year end	-	-	-	28,349	(16,700)	(16,700)	-	57,145	46,407	63,271
Cash backing/surplus reconciliation										
Cash and investments available	-	-	-	103,906	95,305	95,305	-	57,145	46,407	63,271
Application of cash and investments	-	-	-	(109,599)	(102,162)	(102,162)	-	4,742	22,758	3,682
Balance - surplus (shortfall)	-	-	-	213,505	197,467	197,467	-	52,403	23,648	59,588
Asset management										
Asset register summary (WDV)	-	-	-	1,387,309	1,394,013	1,394,013	235,621	235,621	235,621	235,621
Depreciation	-	-	-	70,058	70,658	70,658	70,658	70,658	74,897	79,391
Renewal of Existing Assets	-	-	-	-	-	-	-	9,865	4,805	2,965
Repairs and Maintenance	-	-	-	54,052	50,139	50,139	43,959	43,959	46,596	49,392
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	44,403	47,375	47,375	87,064	87,064	92,288	97,825
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sew erage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

- Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (financial performance, capital expenditure and funding sources, financial position, cash flow, MFMA funding compliance and asset management).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

Table 9 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN216 Ray Nkonyeni - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Functional										
<i>Governance and administration</i>		-	-	-	592,339	546,227	546,227	560,247	593,916	629,551
Executive and council		-	-	-	128,047	170,631	170,631	175,566	186,100	197,266
Finance and administration		-	-	-	464,291	375,596	375,596	384,681	407,816	432,285
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	62,645	24,001	24,001	46,599	63,956	88,997
Community and social services		-	-	-	10,199	9,956	9,956	10,523	11,150	12,075
Sport and recreation		-	-	-	146	146	146	50	53	56
Public safety		-	-	-	7	5	5	-	-	-
Housing		-	-	-	52,293	13,895	13,895	36,026	52,754	76,866
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	113,770	151,030	151,030	150,360	106,772	103,876
Planning and development		-	-	-	29,596	68,887	68,887	47,349	28,313	30,011
Road transport		-	-	-	82,516	81,984	81,984	102,831	78,268	73,662
Environmental protection		-	-	-	1,659	159	159	180	191	202
<i>Trading services</i>		-	-	-	185,301	178,199	178,199	166,659	176,658	187,258
Energy sources		-	-	-	124,401	118,351	118,351	105,028	111,330	118,010
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	60,900	59,848	59,848	61,631	65,329	69,248
<i>Other</i>	4	-	-	-	5,008	5,108	5,108	4,345	4,606	4,882
Total Revenue - Functional	2	-	-	-	959,063	904,565	904,565	928,210	945,908	1,014,564
Expenditure - Functional										
<i>Governance and administration</i>		-	-	-	322,541	350,332	350,332	309,030	327,572	347,226
Executive and council		-	-	-	140,790	148,755	148,755	131,044	138,906	147,241
Finance and administration		-	-	-	181,751	201,577	201,577	173,739	184,163	195,213
Internal audit		-	-	-	-	-	-	4,247	4,502	4,772
<i>Community and public safety</i>		-	-	-	66,580	85,552	85,552	62,196	65,928	69,883
Community and social services		-	-	-	20,958	21,848	21,848	20,770	22,016	23,337
Sport and recreation		-	-	-	6,918	16,020	16,020	91	97	103
Public safety		-	-	-	19,435	19,435	19,435	23,256	24,651	26,130
Housing		-	-	-	19,270	28,250	28,250	15,842	16,792	17,800
Health		-	-	-	-	-	-	2,237	2,371	2,513
<i>Economic and environmental services</i>		-	-	-	184,626	185,910	185,910	252,907	257,221	273,580
Planning and development		-	-	-	58,506	58,506	58,506	47,196	50,028	53,030
Road transport		-	-	-	126,120	127,404	127,404	181,800	192,708	204,270
Environmental protection		-	-	-	-	-	-	23,911	14,485	16,280
<i>Trading services</i>		-	-	-	255,598	277,352	277,352	263,823	279,652	296,432
Energy sources		-	-	-	103,483	97,793	97,793	106,610	113,007	119,787
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	152,115	179,559	179,559	157,213	166,645	176,644
<i>Other</i>	4	-	-	-	7,047	7,019	7,019	6,769	7,175	7,605
Total Expenditure - Functional	3	-	-	-	836,393	906,166	906,166	894,725	937,547	994,726
Surplus/(Deficit) for the year		-	-	-	122,669	(1,600)	(1,600)	33,485	8,361	19,838

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
- Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that both Electricity function and Waste management function are able to finance its services. As both service charges are reflecting a surplus.

- Other functions that show a deficit between revenue and expenditure are being financed from rates revenues, other revenue sources and transfers recognized operational from both National and provincial departments.

Table 10 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by vote)

KZN216 Ray Nkonyeni - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
Revenue by Vote	1									
Vote 1 - TREASURY		-	-	-	459,935	375,420	375,420	405,202	392,734	407,149
Vote 2 - STRATEGIC PLANNING AND GOVERNANCE		-	-	-	128,047	170,631	170,631	175,566	186,100	197,266
Vote 3 - ECONOMIC DEVELOPMENT AND TOWN PLANNING		-	-	-	12,754	50,591	50,591	31,055	32,919	34,894
Vote 4 - CORPORATE SERVICES		-	-	-	2,706	56	56	15	16	17
Vote 5 - COMMUNITY SERVICES		-	-	-	99,835	69,452	69,452	70,884	75,137	79,645
Vote 6 - TECHNICAL SERVICES		-	-	-	255,786	209,783	209,783	216,194	227,951	262,678
Vote 7 - PUBLIC SAFETY		-	-	-	-	28,633	28,633	29,294	31,052	32,915
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	-	-	-	959,063	904,565	904,565	928,210	945,908	1,014,564
Expenditure by Vote to be appropriated	1									
Vote 1 - TREASURY		-	-	-	128,108	124,822	124,822	71,844	76,154	80,724
Vote 2 - STRATEGIC PLANNING AND GOVERNANCE		-	-	-	142,141	150,106	150,106	145,059	153,763	162,989
Vote 3 - ECONOMIC DEVELOPMENT AND TOWN PLANNING		-	-	-	36,811	38,688	38,688	53,965	57,203	60,635
Vote 4 - CORPORATE SERVICES		-	-	-	39,426	80,198	80,198	79,108	83,854	88,886
Vote 5 - COMMUNITY SERVICES		-	-	-	297,776	142,547	142,547	204,222	205,615	218,878
Vote 6 - TECHNICAL SERVICES		-	-	-	192,131	193,397	193,397	180,802	191,651	203,150
Vote 7 - PUBLIC SAFETY		-	-	-	-	176,407	176,407	159,724	169,307	179,466
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	-	-	-	836,393	906,166	906,166	894,725	937,547	994,726
Surplus/(Deficit) for the year	2	-	-	-	122,669	(1,600)	(1,600)	33,485	8,361	19,838

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table11 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

KZN216 Ray Nkonyeni - Table A4 Budgeted Financial Performance (revenue and expenditure)

2017/18 Budgeted Financial Performance (Revenue and expenditure)											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Revenue By Source											
Property rates	2	–	–	–	345,276	345,102	345,102	–	358,959	380,551	403,384
Service charges - electricity revenue	2	–	–	–	122,889	116,889	116,889	–	105,028	111,330	118,010
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	–	–	–	60,648	58,648	58,648	–	61,631	65,329	69,248
Service charges - other											
Rental of facilities and equipment					3,384	3,194	3,194		3,266	3,462	3,669
Interest earned - external investments					6,822	4,535	4,535		3,400	3,604	3,820
Interest earned - outstanding debtors					10,485	10,235	10,235		10,235	10,849	11,500
Dividends received					–	–	–				
Fines, penalties and forfeits					10,494	15,448	15,448		16,016	16,976	17,995
Licences and permits					13,092	12,527	12,527		13,279	14,076	14,920
Agency services					49	39	39		30	32	34
Transfers and subsidies					200,962	202,662	202,662		217,730	218,711	222,685
Other revenue	2	–	–	–	60,358	53,005	53,005	–	40,434	18,109	19,196
Gains on disposal of PPE					2,768						
Total Revenue (excluding capital transfers and contributions)		–	–	–	837,226	822,285	822,285	–	830,008	843,028	884,461
Expenditure By Type											
Employee related costs	2	–	–	–	337,347	359,690	359,690	–	349,616	370,593	392,829
Remuneration of councillors					25,448	25,448	25,448		26,974	28,593	30,308
Debt impairment	3				682	3,882	3,882		3,200	3,392	3,596
Depreciation & asset impairment	2	–	–	–	70,058	70,658	70,658	–	70,658	74,961	79,517
Finance charges					4,373	4,086	4,086		4,286	4,543	4,815
Bulk purchases	2	–	–	–	86,712	80,712	80,712	–	80,712	92,782	99,277
Other materials	8				50,167	50,139	50,139		43,496	46,105	48,872
Contracted services		–	–	–	38,179	49,168	49,168	–	50,412	53,440	56,646
Transfers and subsidies		–	–	–	10,393	10,393	10,393	–	9,945	10,481	11,050
Other expenditure	4, 5	–	–	–	213,035	251,990	251,990	–	255,425	252,656	267,816
Loss on disposal of PPE											
Total Expenditure		–	–	–	836,394	906,166	906,166	–	894,725	937,547	994,726
Surplus/(Deficit)		–	–	–	832	(83,881)	(83,881)	–	(64,717)	(94,519)	(110,265)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)					121,838	82,280	82,280		98,202	102,880	130,103
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Transfers and subsidies - capital (in-kind - all)	6	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		–	–	–	122,669	(1,600)	(1,600)	–	33,485	8,361	19,838
Taxation											
Surplus/(Deficit) after taxation		–	–	–	122,669	(1,600)	(1,600)	–	33,485	8,361	19,838
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		–	–	–	122,669	(1,600)	(1,600)	–	33,485	8,361	19,838
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		–	–	–	122,669	(1,600)	(1,600)	–	33,485	8,361	19,838

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total operating revenue is R830 million and total capital revenue is R125.6 million in 2017/18
2. Total revenue for 2017/18 financial year is R 955 million.
3. Revenue to be generated from property rates is R358, 1 million in the 2017/18 financial year therefore remains a main funding source for the municipality.

4. Transfers recognized – operating includes the local government equitable share and other operating grants from national and provincial government amounts to R 217, 7 million. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF. The municipality is not grant dependent since major part of revenue is own funding however we still has to ensure that we collect every single cent that is due to us.

Table 12 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Capital Expenditure - Functional											
Governance and administration		-	-	-	20,171	24,879	24,879	-	1,885	1,999	2,118
Executive and council					18,780	23,488	23,488		1,139	1,207	1,280
Finance and administration					400	400	400		746	791	839
Internal audit					991	991	991				
Community and public safety		-	-	-	75,843	35,785	35,785	-	45,657	48,396	51,300
Community and social services					11,741	11,241	11,241		21,728	23,032	24,414
Sport and recreation					8,606	8,606	8,606		1,720	1,823	1,932
Public safety					2,814	2,814	2,814		150	159	168
Housing					52,681	13,124	13,124		22,059	23,383	24,786
Health					-	-	-				
Economic and environmental services		-	-	-	46,385	88,885	88,885	-	58,899	62,433	66,179
Planning and development					10,502	55,502	55,502		19,709	20,891	22,145
Road transport					35,883	33,383	33,383		38,951	41,288	43,765
Environmental protection						-	-		239	253	269
Trading services		-	-	-	4,030	3,762	3,762	-	26,317	27,896	29,570
Energy sources					4,030	3,762	3,762		24,309	25,768	27,314
Water management											
Waste water management											
Waste management									2,008	2,129	2,256
Other									30	32	34
Total Capital Expenditure - Functional	3	-	-	-	146,428	153,311	153,311	-	132,788	140,755	149,201
Funded by:											
National Government					57,817	57,817	57,817		62,615	66,187	69,956
Provincial Government					68,681	83,885	83,885		35,587	36,693	60,147
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	-	-	-	126,498	141,701	141,701	-	98,202	102,880	130,103
Public contributions & donations	5										
Borrowing	6										
Internally generated funds					19,930	11,610	11,610		34,586	37,875	19,097
Total Capital Funding	7	-	-	-	146,428	153,311	153,311	-	132,788	140,755	149,201

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
- The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
- Single-year capital expenditure has been appropriated at R129.4 million for the 2017/18 financial year.
- Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the

relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

- The capital programme is funded from capital and provincial grants and transfers and internally generated funds

Table 13 MBRR Table A6 - Budgeted Financial Position

KZN216 Ray Nkonyeni - Table A6 Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
ASSETS											
Current assets											
Cash					37,049	33,929	33,929		20,001	16,242	22,145
Call investment deposits	1	-	-	-	66,857	61,376	61,376	-	37,144	30,165	41,126
Consumer debtors	1	-	-	-	211,056	207,856	207,856	-	242,408	264,520	276,974
Other debtors					7,697	7,697	7,697		5,450	4,905	4,905
Current portion of long-term receivables					1,964	1,964	1,964		1,768	1,591	1,591
Inventory	2				2,265	2,265	2,265		2,038	1,835	1,835
Total current assets		-	-	-	326,888	315,087	315,087	-	308,809	319,258	348,576
Non current assets											
Long-term receivables					8,037	8,037	8,037		7,233	6,148	6,148
Investments					-	-	-				
Investment property					235,621	235,621	235,621		235,621	235,621	235,621
Investment in Associate					-	-	-				
Property, plant and equipment	3	-	-	-	1,261,425	1,268,129	1,268,129	-	1,330,259	1,396,053	1,465,737
Agricultural											
Biological											
Intangible					713	713	713		577	519	390
Other non-current assets											
Total non current assets		-	-	-	1,505,796	1,512,500	1,512,500	-	1,573,691	1,638,342	1,707,897
TOTAL ASSETS		-	-	-	1,832,684	1,827,587	1,827,587	-	1,882,500	1,957,600	2,056,473
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	-	-	-	7,728	7,728	7,728	-	7,728	7,042	7,820
Consumer deposits					21,920	21,920	21,920		22,520	23,220	24,220
Trade and other payables	4	-	-	-	100,233	100,233	100,233	-	100,233	107,191	114,695
Provisions					36,690	36,690	36,690		39,259	42,007	42,007
Total current liabilities		-	-	-	166,571	166,571	166,571	-	169,740	179,460	188,741
Non current liabilities											
Borrowing		-	-	-	20,486	20,486	20,486	-	20,486	13,444	5,624
Provisions		-	-	-	96,229	97,027	97,027	-	97,027	101,331	108,366
Total non current liabilities		-	-	-	116,715	117,513	117,513	-	117,513	114,776	113,990
TOTAL LIABILITIES		-	-	-	283,286	284,084	284,084	-	287,253	294,235	302,732
NET ASSETS	5	-	-	-	1,549,398	1,543,503	1,543,503	-	1,595,247	1,663,364	1,753,741
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)					270,657	1,222,263	1,222,263		1,491,958	1,527,877	1,527,877
Reserves	4	-	-	-	678,785	321,240	321,240	-	103,289	135,487	225,864
TOTAL COMMUNITY WEALTH/EQUITY	5	-	-	-	949,443	1,543,503	1,543,503	-	1,595,247	1,663,364	1,753,741

Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understand ability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group

illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

- Call investments deposits;
- Consumer debtors;
- Property, plant and equipment;
- Trade and other payables;
- Provisions non -current;
- Changes in net assets; and
- Reserves

The statement of financial position shows that the municipality is financially health as assets exceeds liabilities.

Table 14 MBRR Table A7 - Budgeted Cash Flow Statement

KZN216 Ray Nkonyeni - Table A7 Budgeted Cash Flows

Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates						327,544	327,835	327,835		341,011	323,961	383,215
Service charges						174,359	160,915	160,915		153,075	140,695	171,995
Other revenue						77,913	68,033	68,033		59,142	48,385	45,463
Government - operating		1				200,962	202,662	202,662		217,730	218,711	222,685
Government - capital		1				121,838	82,280	82,280		98,202	102,880	130,103
Interest						11,104	8,117	8,117		6,982	4,654	7,845
Dividends										-	-	-
Payments												
Suppliers and employees						(725,860)	(708,258)	(708,258)		(769,196)	(734,669)	(855,168)
Finance charges						(4,373)	(4,086)	(4,086)		(4,286)	(4,286)	(4,815)
Transfers and Grants		1				(9,509)	(9,354)	(9,354)		(8,950)	(8,055)	(9,945)
NET CASH FROM/(USED) OPERATING ACTIVITIES			-	-	-	173,977	128,145	128,145	-	93,711	92,276	91,377
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE										-	-	-
Decrease (Increase) in non-current debtors										-	-	-
Decrease (increase) other non-current receivables										-	-	-
Decrease (increase) in non-current investments										-	-	-
Payments												
Capital assets						(146,428)	(145,645)	(145,645)		(126,149)	(98,290)	(75,563)
NET CASH FROM/(USED) INVESTING ACTIVITIES			-	-	-	(146,428)	(145,645)	(145,645)	-	(126,149)	(98,290)	(75,563)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans										-	-	-
Borrowing long term/refinancing										-	-	-
Increase (decrease) in consumer deposits						800	800	800		1,000	900	1,050
Payments												
Repayment of borrowing										(6,722)	(5,624)	-
NET CASH FROM/(USED) FINANCING ACTIVITIES			-	-	-	800	800	800	-	(5,722)	(4,724)	1,050
NET INCREASE/ (DECREASE) IN CASH HELD			-	-	-	28,349	(16,700)	(16,700)	-	(38,160)	(10,738)	16,864
Cash/cash equivalents at the year begin:		2								95,305	57,145	46,407
Cash/cash equivalents at the year end:		2	-	-	-	28,349	(16,700)	(16,700)	-	57,145	46,407	63,271

Table 15 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

KZN216 Ray Nkonyeni - Table A8 Cash backed reserves/accumulated surplus reconciliation

GENERAL INFORMATION - Table A: Cash backed resources/accumulated surplus/recontribution											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	-	-	-	28,349	(16,700)	(16,700)	-	57,145	46,407	63,271
Other current investments > 90 days		-	-	-	75,556	112,005	112,005	-	-	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		-	-	-	103,906	95,305	95,305	-	57,145	46,407	63,271
Application of cash and investments											
Unspent conditional transfers		-	-	-	54	54	54	-	54	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	-	-	-	(109,653)	(102,216)	(102,216)	-	(131,598)	(120,580)	(148,256)
Other provisions									136,286	143,338	151,939
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		-	-	-	(109,599)	(102,162)	(102,162)	-	4,742	22,758	3,682
Surplus(shortfall)		-	-	-	213,505	197,467	197,467	-	52,403	23,648	59,588

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality are not stabilized over the MTREF and prior years.
4. It can be seen that in 2017/18 the cash flow start to turn around and improves again.
5. The 2017/18 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
6. Cash flow reflects a positive balance of R103.6 million after defraying all the expenditure for the financial year.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

- a. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
- b. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
- c. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
- d. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
- e. From the table it can be seen that for the municipality is operating at a surplus.
- f. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2017/18 MTREF was funded as it reflect a positive balance in funding measurement.
- g. This reflects that the budget will be able to pay it expenditure for the current year and also be able to pay it obligations. It is assumed that all grants will be spend 100% and if not it is cash backed since our budget reflect a positive after all the current years expenditure paid and it liabilities.

- h. As part of the budgeting and planning guidelines that informed the compilation of the 2017/18 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 16 MBRR Table B9 - Asset Management

TOTAL CAPITAL EXPENDITURE - Asset class		-	-	-	125,007	131,711	131,711	132,788	125,163	125,913
ASSET REGISTER SUMMARY - PPE (WDV)	5									
<i>Roads Infrastructure</i>					855,851	853,851	853,851			
<i>Storm water Infrastructure</i>										
<i>Electrical Infrastructure</i>					9,084	8,816	8,816			
<i>Water Supply Infrastructure</i>										
<i>Sanitation Infrastructure</i>										
<i>Solid Waste Infrastructure</i>										
<i>Rail Infrastructure</i>										
<i>Coastal Infrastructure</i>										
<i>Information and Communication Infrastructure</i>										
Infrastructure		-	-	-	864,935	862,667	862,667	-	-	-
<i>Community Facilities</i>					145,595	196,139	196,139			
<i>Sport and Recreation Facilities</i>										
Community Assets		-	-	-	145,595	196,139	196,139	-	-	-
Heritage Assets					1,657	1,657	1,657			
<i>Revenue Generating</i>										
<i>Non-revenue Generating</i>					235,621	235,621	235,621	235,621	235,621	235,621
Investment properties		-	-	-	235,621	235,621	235,621	235,621	235,621	235,621
<i>Operational Buildings</i>					140,445	98,872	98,872			
<i>Housing</i>										
Other Assets		-	-	-	140,445	98,872	98,872	-	-	-
Biological or Cultivated Assets										
<i>Servitudes</i>										
<i>Licences and Rights</i>					713	713	713			
Intangible Assets		-	-	-	713	713	713	-	-	-
Computer Equipment										
Furniture and Office Equipment										
Machinery and Equipment										
Transport Assets										
Libraries										
Zoo's, Marine and Non-biological Animals										
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	-	-	-	1,387,309	1,394,013	1,394,013	235,621	235,621	235,621
EXPENDITURE OTHER ITEMS										
Depreciation	7	-	-	-	70,058	70,658	70,658	70,658	74,897	79,391
Repairs and Maintenance by Asset Class	3	-	-	-	54,052	50,139	50,139	43,959	46,596	49,392
<i>Roads Infrastructure</i>		-	-	-	16,300	16,300	16,300	14,000	14,840	15,730
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	3,000	3,180	3,371
<i>Electrical Infrastructure</i>		-	-	-	1,475	1,475	1,475	3,273	3,470	3,678
<i>Water Supply Infrastructure</i>		-	-	-	755	755	755	863	915	970
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	18,530	18,530	18,530	21,137	22,405	23,749
<i>Community Facilities</i>		-	-	-	650	650	650	-	-	-
<i>Sport and Recreation Facilities</i>		-	-	-	550	550	550	-	-	-
Community Assets		-	-	-	1,200	1,200	1,200	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
<i>Revenue Generating</i>		-	-	-	-	-	-	-	-	-
<i>Non-revenue Generating</i>		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
<i>Operational Buildings</i>		-	-	-	13,641	9,728	9,728	6,047	6,409	6,794
<i>Housing</i>		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	13,641	9,728	9,728	6,047	6,409	6,794
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
<i>Servitudes</i>		-	-	-	-	-	-	-	-	-
<i>Licences and Rights</i>		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	968	968	968	-	-	-
Furniture and Office Equipment		-	-	-	370	370	370	1,617	1,714	1,817
Machinery and Equipment		-	-	-	1,535	1,535	1,535	197	208	221
Transport Assets		-	-	-	17,808	17,808	17,808	14,962	15,859	16,811
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		-	-	-	124,110	120,797	120,797	114,617	121,494	128,783

Explanatory notes to Table A9 - Asset Management

- 1 Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
- 2 National Treasury has recommended that municipalities should allocate at least 40 per cent of the capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. However due to the fact that there is a lack of infrastructure in the municipality major part of funds are injected to new capital projects, it does not meet this recommendation and funds are directed to new and renewal of capital asset and 4.3% to repairs and maintenance.

Basic Service Delivery Measurement

KZN216 Ray Nkonyeni - Table A10 Basic service delivery measurement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Refuse:										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		-	-	-	-	-	-	-	-	-
Total cost of FBS provided		-	-	-	-	-	-	-	-	-
Highest level of free service provided per household										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		-	-	-	44,403	47,375	47,375	87,064	92,288	97,825
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates										

1 Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

- 2 The municipality does not provide services such as water, sanitation, energy and refuse removal.
- 3 Water and sanitation is provided by Ugu District municipality, energy is supplied both by municipality and Eskom.
- 4 Refuse removal is done in urban area the rural part of the municipality uses it own dump site.

Assumptions used in preparation of the budget over the MTREF

Collection and expenditure rates

Property rates	95%
Penalties and Collection Charges	85%
Electricity	95%
Refuse Removal	95%
Rental of facilities	90%
Interest earned in investment	100%
Interest earned on outstanding debts	65%
Fines	70%
Licenses and Permits	95%
Agency Fees	100%
Transfers and Grants – operational	100%
Transfers and Grants – Capital	100%
Other revenue	80%
Expenditure	
Employee related cost	98%
Remuneration of councilors	100%
Debt impairment	100%
Depreciation and asset impairment	100%
Bulk Purchases	95%
Finance Charges	100%
Contracted services	95%
Transfers and Grants	90%
Other Expenditure	90%
Other Material	98%

Capital performance =100%

Year end accruals =10% of total operating budget

=15% of capital budget

Provisions =10%

Supporting Documentation

Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aim of the Budget Steering Committee is to ensure:

- 1 that the process followed to compile the budget complies with legislation and good budget practices;
- 2 that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- 3 that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- 4 that the various spending priorities of the different municipal departments are properly evaluated and prioritized in the allocation of resources.

Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2011) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 25 August 2011. Key dates applicable to the process were:

July 2016 – Prepare joint process plan for IDP, PMS and Budget and advertise draft IDFP review;

August 2016–Submit process plan to IDP forum, portfolio committees and council. Liaise with national and provincial governments for planning and budgeting process;

September 2016– Assessment of objectives, strategies and projects against cross cutting issues. Assessment of alignment of IDP strategies & projects for medium term in relation to NSDP and PGDF. Determine funding availability & requirements per sector plan and where relevant prepare business plan/ terms of reference and roll out accordingly;

October 2016 – Review and confirm objectives, strategies and projects at IDPRF workshop. Review capital, institutional, operational, maintenance projects. Estimate available resources and provide guidance for way forward for budgeting;

November 2016–Submit revised projects to Treasury. Submit first Draft IDP to IDP steering committee and council for in principle approval

December 2016 – Submit budget instructions and 2016/17 budget framework to all relevant persons. Submit draft IDP to COGTA for assessment. Preparation of summary of available funds (internal and external);

January 2017 - Council considers the 2015/2016 Mid-year Review and Adjustments Budget;
February 2017– Assess financial feasibility of proposed new projects based on existing and potential funds. Consideration of draft budget;
March 2017 - Tabling in Council of the draft 2016/17 IDP and 2016/17 Draft MTREF for public consultation;
April 2017– Public consultation;
May 2017–Finalisation of the 2016/17 IDP and 2017/18 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and tabling of the 2017/18 MTREF before Council for consideration and approval.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council. These are the IDP and Budget process schedule for individual municipalities and both municipality did not deviate from processes.

IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fifth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2016/17 budget, based on the approved 2017/18 Budget, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2017/18 budget, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2017/18 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

Financial Modeling and Key Planning Drivers

As part of the compilation of the 2017/18 budget, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2017/18 budget:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation)
- Performance trends
- The approved 2016/17 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 78 and 79 has been taken into consideration in the planning and prioritisation process.

Community Consultation

The Table 2017/18 Budget as tabled before Council on 28 March 2017 for community consultation has been published on the municipality's website and hard copies has been made available at municipal offices and other community centres. In addition budget road shows will held in different municipal clusters. Inputs were also collected via suggestion box and e-mails.

All documents in the appropriate format (electronic and printed) will provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process during April. The applicable dates and venues were published in the local newspapers. Imbizo's will be held to further ensure transparency and interaction. Other stakeholders involved in the consultation will include churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects will be addressed, and where relevant considered as part of the 2016/17 final budget.

Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality's strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIS);
- Accelerated and Shared Growth Initiative (ASGISA);
- National Development Plan (NDP)
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's six strategic objectives for the 2016/17 Budget and further planning refinements that have directly informed the compilation of the budget:

IDP Strategic Objectives

2017/18 Financial Year	
1.	Financial Viability
2.	Basic Service delivery and infrastructure
3.	Good governance and public participation
4.	Local economic Development
5.	Municipal transformation and institutional development
6.	Spatial analysis and environmental management

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

The 2017/18 Budget has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table SA3 Detail financial position

KZN216 Ray Nkonyeni - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Financial Statement: Supporting Table 01: Supporting Data to Budgeted Mainland Section											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
ASSETS											
Call investment deposits											
Call deposits					66,857	61,376	61,376		37,144	30,165	41,126
Other current investments											
Total Call investment deposits	2	-	-	-	66,857	61,376	61,376	-	37,144	30,165	41,126
Consumer debtors											
Consumer debtors					211,056	207,856	207,856		242,408	264,520	276,974
Less: Provision for debt impairment											
Total Consumer debtors	2	-	-	-	211,056	207,856	207,856	-	242,408	264,520	276,974
Debt impairment provision											
Balance at the beginning of the year					30,671	30,671	30,671		30,671	34,552	38,596
Contributions to the provision					682	3,882	3,882		3,882	4,044	4,333
Bad debts written off											
Balance at end of year		-	-	-	31,352	34,552	34,552	-	34,552	38,596	42,929
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)					2,372,041	2,378,744	2,378,744		2,511,532	2,652,287	2,801,488
Leases recognised as PPE					-	-	-				
Less: Accumulated depreciation					1,110,615	1,110,615	1,110,615		1,181,273	1,256,234	1,335,751
Total Property, plant and equipment (PPE)	2	-	-	-	1,261,425	1,268,129	1,268,129	-	1,330,259	1,396,053	1,465,737
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities					7,728	7,728	7,728		7,728	7,042	7,820
Total Current liabilities - Borrowing		-	-	-	7,728	7,728	7,728	-	7,728	7,042	7,820
Trade and other payables											
Trade and other creditors					100,179	100,179	100,179		100,179	107,191	114,695
Unspent conditional transfers					54	54	54		54	-	-
VAT					-	-	-		-		
Total Trade and other payables	2	-	-	-	100,233	100,233	100,233	-	100,233	107,191	114,695
Non current liabilities - Borrowing											
Borrowing					20,486	20,486	20,486		20,486	13,444	5,624
Finance leases (including PPP asset element)									-		
Total Non current liabilities - Borrowing	4	-	-	-	20,486	20,486	20,486	-	20,486	13,444	5,624
Provisions - non-current											
Retirement benefits					81,542	81,542	81,542		81,542	84,779	90,714
List other major provision items											
Refuse landfill site rehabilitation											
Other					14,687	15,485	15,485		15,485	16,552	17,652
Total Provisions - non-current		-	-	-	96,229	97,027	97,027	-	97,027	101,331	108,366
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance					147,989	1,223,863	1,223,863				
GRAP adjustments											
Restated balance		-	-	-	147,989	1,223,863	1,223,863	-	-	-	-
Surplus/(Deficit)		-	-	-	122,669	(1,600)	(1,600)	-	33,485	8,361	19,838
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments					122,668	(1,600)	(1,600)		31,864	35,919	
Accumulated Surplus/(Deficit)	1	-	-	-	393,327	1,220,662	1,220,662	-	65,349	44,280	19,838
Reserves											
Housing Development Fund											
Capital replacement					678,785	321,240	321,240		103,289	135,487	225,864
Self-insurance											
Other reserves											
Revaluation											
Total Reserves	2	-	-	-	678,785	321,240	321,240	-	103,289	135,487	225,864
TOTAL COMMUNITY WEALTH/EQUITY	2	-	-	-	1,072,112	1,541,903	1,541,903	-	168,639	179,767	245,702

Explanatory notes to Table SA3

This table is a supporting table to table A6 and it has detailed information that is summarized in table A6.

KZN216 Ray Nkonyeni - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
ASSETS											
<u>Call investment deposits</u>											
Call deposits					66,857	61,376	61,376		37,144	30,165	41,126
Other current investments											
Total Call investment deposits	2	-	-	-	66,857	61,376	61,376	-	37,144	30,165	41,126
<u>Consumer debtors</u>											
Consumer debtors					211,056	207,856	207,856		242,408	264,520	276,974
Less: Provision for debt impairment											
Total Consumer debtors	2	-	-	-	211,056	207,856	207,856	-	242,408	264,520	276,974
<u>Debt impairment provision</u>											
Balance at the beginning of the year					30,671	30,671	30,671		30,671	34,552	38,596
Contributions to the provision					682	3,882	3,882		3,882	4,044	4,333
Bad debts written off											
Balance at end of year		-	-	-	31,352	34,552	34,552	-	34,552	38,596	42,929
<u>Property, plant and equipment (PPE)</u>											
PPE at cost/valuation (excl. finance leases)					2,372,041	2,378,744	2,378,744		2,511,532	2,652,287	2,801,488
Leases recognised as PPE					-	-	-		-	-	-
Less: Accumulated depreciation					1,110,615	1,110,615	1,110,615		1,181,273	1,256,234	1,335,751
Total Property, plant and equipment (PPE)	2	-	-	-	1,261,425	1,268,129	1,268,129	-	1,330,259	1,396,053	1,465,737
LIABILITIES											
<u>Current liabilities - Borrowing</u>											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities					7,728	7,728	7,728		7,728	7,042	7,820
Total Current liabilities - Borrowing		-	-	-	7,728	7,728	7,728	-	7,728	7,042	7,820
<u>Trade and other payables</u>											
Trade and other creditors					100,179	100,179	100,179		100,179	107,191	114,695
Unspent conditional transfers					54	54	54		54	-	-
VAT											
Total Trade and other payables	2	-	-	-	100,233	100,233	100,233	-	100,233	107,191	114,695
<u>Non current liabilities - Borrowing</u>											
Borrowing					20,486	20,486	20,486		20,486	13,444	5,624
Finance leases (including PPP asset element)									-	-	-
Total Non current liabilities - Borrowing	4	-	-	-	20,486	20,486	20,486	-	20,486	13,444	5,624
<u>Provisions - non-current</u>											
Retirement benefits					81,542	81,542	81,542		81,542	84,779	90,714
List other major provision items											
Refuse landfill site rehabilitation											
Other					14,687	15,485	15,485		15,485	16,552	17,652
Total Provisions - non-current		-	-	-	96,229	97,027	97,027	-	97,027	101,331	108,366
CHANGES IN NET ASSETS											
<u>Accumulated Surplus/(Deficit)</u>											
Accumulated Surplus/(Deficit) - opening balance					147,989	1,223,863	1,223,863				
GRAP adjustments											
Restated balance		-	-	-	147,989	1,223,863	1,223,863	-	-	-	-
Surplus/(Deficit)		-	-	-	122,669	(1,600)	(1,600)	-	33,485	8,361	19,838
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments					122,668	(1,600)	(1,600)		31,864	35,919	
Accumulated Surplus/(Deficit)	1	-	-	-	393,327	1,220,662	1,220,662	-	65,349	44,280	19,838
<u>Reserves</u>											
Housing Development Fund											
Capital replacement					678,785	321,240	321,240		103,289	135,487	225,864
Self-insurance											
Other reserves											
Revaluation											
Total Reserves	2	-	-	-	678,785	321,240	321,240	-	103,289	135,487	225,864
TOTAL COMMUNITY WEALTH/EQUITY	2	-	-	-	1,072,112	1,541,903	1,541,903	-	168,639	179,767	245,702

Table SA4 Reconciliation of IDP strategic objectives and Budget

KZN216 Ray Nkonyeni - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
R thousand													
Good Governance and public participation	Clean administration & sound public participation						99,772	99,772	99,772	105,758	112,104	118,830	
							-	-	-	-	-	-	
							-	-	-	-	-	-	
Service delivery and Infrastructure	Electricity , Roads , Housing and accelerate capital expenditure						119,013	119,013	119,013	126,153	133,723	141,746	
							-	-	-	-	-	-	
Social, Economic Development and Planning	Youth empowerment,LED strategy ,supporting SMMEs						7,804	7,804	7,804	8,272	8,769	9,295	
							-	-	-	-	-	-	
							-	-	-	-	-	-	
Municipal Financial viability	Sound financial management						394,898	394,898	394,898	404,440	390,712	426,056	
							-	-	-	-	-	-	
Spatial and Environment	Health hygienically safe environment						60,433	60,433	60,433	64,059	67,902	71,976	
	Public Safety						25,216	25,216	25,216	26,729	28,332	30,032	
	Community Facilities						11,863	11,863	11,863	12,575	13,330	14,129	
							83,591	83,591	83,591	88,607	93,923	99,559	
							86,431	86,431	86,431	91,617	97,114	102,941	
Allocations to other priorities				2									
Total Revenue (excluding capital transfers and contributions)				1	-	-	-	889,021	889,021	889,021	928,210	945,908	1,014,564

Table SA8 performance indicators

KZN216 Ray Nkonyeni - Supporting Table SA8 Performance indicators and benchmarks

KZN20 Ray Nkonyeni - Supporting Table SA6 Performance Indicators and benchmarks											
Description of financial indicator	Basis of calculation	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	0.0%	0.5%	0.5%	0.5%	0.0%	1.2%	1.1%	0.5%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	0.0%	0.0%	0.7%	0.7%	0.7%	0.0%	1.8%	1.6%	0.7%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	3.0%	6.4%	6.4%	0.0%	19.8%	9.9%	2.5%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	-	-	-	2.0	1.9	1.9	-	1.8	1.8	1.8
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	-	-	-	2.0	1.9	1.9	-	1.8	1.8	1.8
Liquidity Ratio	Monetary Assets/Current Liabilities	-	-	-	0.6	0.6	0.6	-	0.3	0.3	0.3
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	0.0%	0.0%	94.9%	93.9%	93.9%	0.0%	94.0%	83.4%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	0.0%	0.0%	94.9%	93.9%	93.9%	0.0%	94.0%	83.4%	94.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	0.0%	0.0%	27.3%	27.4%	27.4%	0.0%	30.9%	32.9%	32.7%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old								25.0%	20.0%	15.0%
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))								100.0%	100.0%	100.0%
Creditors to Cash and Investments		0.0%	0.0%	0.0%	353.4%	-599.9%	-599.9%	0.0%	175.3%	231.0%	181.3%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (k?)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	40.3%	43.7%	43.7%	0.0%	42.1%	44.0%	44.4%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	43.8%	47.1%	47.1%		45.2%	47.2%	47.7%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	6.5%	6.1%	6.1%		5.3%	5.5%	5.6%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	8.9%	9.1%	9.1%	0.0%	9.0%	9.4%	9.5%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	-	-	-	78.4	78.4	78.4	-	59.6	79.6	84.4
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.0%	0.0%	0.0%	41.5%	41.5%	41.5%	0.0%	47.2%	48.3%	47.7%
iii. Cost coverage	(Av ailable cash + Investments)/monthly fixed operational expenditure	-	-	-	0.6	(0.3)	(0.3)	-	1.1	0.8	1.1

Table SA13b Service Tariffs by Category

KZN216 Ray Nkonyeni - Supporting Table SA13b Service Tariffs by category - explanatory

Description	Ref	Provide description of tariff structure where appropriate	2013/14	2014/15	2015/16	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework		
							Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Exemptions, reductions and rebates (Rands)									
<i>Rebates and Exemptions</i>						10,652,831	22,525,449	23,313,839	24,129,824
<i>Rebates, exemptions - indigent</i>						2,645,860	-		
<i>Rebates Residential Land</i>						25,845,000	26,098,493	27,011,940	27,957,358
<i>Impermissible and Reduction</i>						7,314,629	38,440,018	39,785,419	41,177,908

Table SA14 Households Bills

KZN216 Ray Nkonyeni - Supporting Table SA14 Household bills

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18 % incr.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates					#####	#####	#####		#####	#####	#####
Electricity: Basic levy											
Electricity: Consumption					267,640.36	267,640.36	267,640.36		277,007.78	286,703.05	296,737.65
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal					2,651,131.90	2,651,131.90	2,651,131.90		2,743,921.51	2,839,958.76	2,939,357.32
Other											
sub-total		-	-	-	#####	#####	#####	3.5%	#####	#####	#####
VAT on Services											
Total large household bill:		-	-	-	#####	#####	#####	3.5%	#####	#####	#####
% increase/decrease			-	-	-	-	-		3.5%	3.5%	3.5%

Table SA15 Investment particulars

KZN216 Ray Nkonyeni - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank					66,857	61,376	61,376	37,144	30,165	41,126
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	-	-	-	66,857	61,376	61,376	37,144	30,165	41,126

Table SA17 Borrowings

KZN216 Ray Nkonyeni - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
Parent municipality										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)					20,486	20,486	20,486	13,444	5,624	-
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	-	-	-	20,486	20,486	20,486	13,444	5,624	-

Table SA18 Transfers and Grants Receipts

KZN216 Ray Nkonyeni - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		-	-	-	188,598	188,598	188,598	201,028	203,012	205,593
Local Government Equitable Share					165,774	165,774	165,774	175,556	184,983	191,993
Finance Management					3,450	3,450	3,450	3,600	3,600	3,600
Integrated National Electrification Programme					7,000	7,000	7,000	14,000	14,429	10,000
EPWP Incentive					2,660	2,660	2,660	3,306	-	-
Municipal Demarcation Transition Grant					9,714	9,714	9,714	4,566	-	-
Provincial Government:		-	-	-	12,365	14,065	14,065	16,702	15,699	17,092
Accreditation Grant					3,378	3,378	3,378	5,082	5,082	5,082
Museum Grant					344	344	344	350	368	386
Provincialisation of Libraries Grant					7,436	7,436	7,436	9,670	10,249	11,124
Community Library Service Grant					1,207	1,207	1,207	-	-	-
0						1,700	1,700	1,600	-	500
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Total Operating Transfers and Grants	5	-	-	-	200,963	202,663	202,663	217,730	218,711	222,685
Capital Transfers and Grants										
National Government:		-	-	-	60,156	60,156	60,156	62,615	66,187	69,956
Municipal Infrastructure Grant (MIG)					60,156	60,156	60,156	62,615	66,187	69,956
Other capital transfers/grants <i>[insert desc]</i>										
Provincial Government:		-	-	-	52,681	13,124	13,124	35,587	36,693	60,147
Human Settlement and Treasury					52,681	13,124	13,124	35,587	36,693	60,147
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Total Capital Transfers and Grants	5	-	-	-	112,837	73,280	73,280	98,202	102,880	130,103
TOTAL RECEIPTS OF TRANSFERS & GRANTS		-	-	-	313,800	275,943	275,943	315,932	321,591	352,788

Explanatory notes to Table SA18 Grants and subsidies Receipts

1. This table reflects all expected grants receipts from national, provincial and other organization.
2. National treasury and provincial treasury grants are gazette in DORA and provincial gazette.
3. Other grant funding are through the memorandum of agreement are housing grant and Technology Hub grant of 20,5 million and 15 million respectively. These grants are usually not gazette in the bill or provincial gazette.

Table SA 19 Grants and subsidies Expenditure

KZN216 Ray Nkonyeni - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		-	-	-	188,598	188,598	188,598	201,028	203,012	205,593
Local Government Equitable Share					165,774	165,774	165,774	175,556	184,983	191,993
Finance Management					3,450	3,450	3,450	3,600	3,600	3,600
Integrated National Electrification Programme					7,000	7,000	7,000	14,000	14,429	10,000
EPWP Incentive					2,660	2,660	2,660	3,306	-	-
Municipal Demarcation Transition Grant					9,714	9,714	9,714	4,566	-	-
0										
Provincial Government:		-	-	-	12,365	14,065	14,065	16,702	15,699	17,092
Accreditation Grant					3,378	3,378	3,378	5,082	5,082	5,082
Museum Grant					344	344	344	350	368	386
Provincialisation of Libraries Grant					7,436	7,436	7,436	9,670	10,249	11,124
Community Library Service Grant					1,207	1,207	1,207	-	-	-
0						1,700	1,700	1,600	-	500
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total operating expenditure of Transfers and Grants		-	-	-	200,963	202,663	202,663	217,730	218,711	222,685
Capital expenditure of Transfers and Grants										
National Government:		-	-	-	60,156	60,156	60,156	62,615	66,187	69,956
Municipal Infrastructure Grant (MIG)					60,156	60,156	60,156	62,615	66,187	69,956
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	52,681	13,124	13,124	35,587	36,693	60,147
Human Settlement and Treasury					52,681	13,124	13,124	35,587	36,693	60,147
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total capital expenditure of Transfers and Grants		-	-	-	112,837	73,280	73,280	98,202	102,880	130,103
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		-	-	-	313,800	275,943	275,943	315,932	321,591	352,788

Table SA21 Grants and Subsidy made by the Municipality

KZN216 Ray Nkonyeni - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
Cash Transfers to other municipalities											
<i>Insert description</i>	1										
Total Cash Transfers To Municipalities:		-	-	-	-	-	-	-	-	-	-
Cash Transfers to Entities/Other External Mechanisms											
<i>Insert description</i>	2										
Total Cash Transfers To Entities/Ems'		-	-	-	-	-	-	-	-	-	-
Cash Transfers to other Organs of State											
<i>Insert description</i>	3										
Total Cash Transfers To Other Organs Of State:		-	-	-	-	-	-	-	-	-	-
Cash Transfers to Organisations											
<i>Insert description</i> Ugu S C Tourism & HC Development Agency					3,609	3,609	3,609		2,774	2,940	3,116
Total Cash Transfers To Organisations		-	-	-	3,609	3,609	3,609	-	2,774	2,940	3,116
Cash Transfers to Groups of Individuals											
<i>Insert description</i>											
Total Cash Transfers To Groups Of Individuals:		-	-	-	-	-	-	-	-	-	-
TOTAL CASH TRANSFERS AND GRANTS	6	-	-	-	3,609	3,609	3,609	-	2,774	2,940	3,116
Non-Cash Transfers to other municipalities											
<i>Insert description</i> Africa Bike Week Ugu Jazz	1				450 500	450 500	450 500		500 500	500 500	500 500
Total Non-Cash Transfers To Municipalities:		-	-	-	950	950	950	-	1,000	1,000	1,000
Non-Cash Transfers to Entities/Other External Mechanisms											
<i>Insert description</i>	2										
Total Non-Cash Transfers To Entities/Ems'		-	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to other Organs of State											
<i>Insert description</i> Grants and Donations (Douglas Michel , SPCA and ETC	3				1,041	1,041	1,041		1,114	1,181	1,251
Total Non-Cash Transfers To Other Organs Of State:		-	-	-	1,041	1,041	1,041	-	1,114	1,181	1,251
Non-Cash Grants to Organisations											
<i>Insert description</i> Free Basic Services, indigent support and Refuse Removal	4				4,794	4,794	4,794		5,057	5,361	5,682
Total Non-Cash Grants To Organisations		-	-	-	4,794	4,794	4,794	-	5,057	5,361	5,682
Groups of Individuals											
<i>Insert description</i>	5										
Total Non-Cash Grants To Groups Of Individuals:		-	-	-	-	-	-	-	-	-	-
TOTAL NON-CASH TRANSFERS AND GRANTS		-	-	-	6,784	6,784	6,784	-	7,171	7,541	7,934
TOTAL TRANSFERS AND GRANTS	6	-	-	-	10,393	10,393	10,393	-	9,945	10,481	11,050

Table SA22 Councilors and Staff Benefits

KZN216 Ray Nkonyeni - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages					23,580	23,580	23,580	23,736	25,160	26,669
Pension and UIF Contributions										
Medical Aid Contributions										
Motor Vehicle Allowance										
Cellphone Allowance					1,374	1,374	1,374	1,637	1,735	1,839
Housing Allowances										
Other benefits and allowances					493	493	493	571	605	641
Sub Total - Councillors		-	-	-	25,448	25,448	25,448	25,943	27,500	29,150
% increase	4		-	-	-	-	-	1.9%	6.0%	6.0%
Senior Managers of the Municipality										
Basic Salaries and Wages					11,033	11,033	11,033	9,890	10,484	11,113
Pension and UIF Contributions					6	6	6	317	337	357
Medical Aid Contributions										
Overtime										
Performance Bonus					799	799	799			
Motor Vehicle Allowance										
Cellphone Allowance	3							114	121	128
Housing Allowances	3									
Other benefits and allowances	3				298	298	298	226	240	254
Payments in lieu of leave					74	74	74			
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		-	-	-	12,209	12,209	12,209	10,548	11,180	11,851
% increase	4		-	-	-	-	-	(13.6%)	6.0%	6.0%
Other Municipal Staff										
Basic Salaries and Wages					216,862	216,862	216,862	259,072	274,616	291,093
Pension and UIF Contributions					40,249	41,646	41,646	48,978	51,917	55,032
Medical Aid Contributions					20,860	20,992	20,992	26,050	27,613	29,269
Overtime					8,591	13,393	13,393	13,393	14,197	15,048
Performance Bonus					17,229	17,373	17,373	20,778	22,025	23,346
Motor Vehicle Allowance	3				11,525	11,996	11,996	13,908	14,743	15,627
Cellphone Allowance	3				1,937	2,073	2,073	701	743	787
Housing Allowances	3				3,043	3,128	3,128	2,409	2,554	2,707
Other benefits and allowances	3				7,598	8,388	8,388	11,495	12,184	12,915
Payments in lieu of leave					697	2,637	2,637	2,637	2,796	2,963
Long service awards					39	837	837	837	887	940
Post-retirement benefit obligations	6				161	10,278	10,278	10,278	10,895	11,548
Sub Total - Other Municipal Staff		-	-	-	328,791	349,602	349,602	339,069	359,392	380,935
% increase	4		-	-	-	6.3%	-	(3.0%)	6.0%	6.0%
Total Parent Municipality		-	-	-	366,448	387,258	387,258	375,560	398,072	421,936

Explanatory notes to Table SA22 Councilors and Staff Benefits

1. The remuneration of councilors and staff are as per the councilor's upper limit approved by the MEC and staff as per SALGA respectively.

Table SA24 Summary of personnel numbers

KZN216 Ray Nkonyeni - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2015/16			Current Year 2016/17			Budget Year 2017/18		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)					69	–	69	69	–	69
Board Members of municipal entities	4				–	–	–	–	–	–
Municipal employees	5				–	–	–	–	–	–
Municipal Manager and Senior Managers	3				11	–	11	11	–	11
Other Managers	7				3	3	–	3	3	–
Professionals		–	–	–	171	148	12	171	148	12
Finance					100	82	12	100	82	12
Spatial/town planning					26	23	–	26	23	–
Information Technology					1	1	–	1	1	–
Roads					7	7	–	7	7	–
Electricity					28	28	–	28	28	–
Water					–	–	–	–	–	–
Sanitation					–	–	–	–	–	–
Refuse					2	2	–	2	2	–
Other					7	5	–	7	5	–
Technicians		–	–	–	1,058	1,012	7	1,058	1,012	7
Finance					17	7	5	17	7	5
Spatial/town planning					–	–	–	–	–	–
Information Technology					8	8	–	8	8	–
Roads					141	118	–	141	118	–
Electricity					–	–	–	–	–	–
Water					–	–	–	–	–	–
Sanitation					–	–	–	–	–	–
Refuse					538	494	–	538	494	–
Other					354	385	2	354	385	2
Clerks (Clerical and administrative)					21	19	–	21	19	–
Service and sales workers					–	–	–	–	–	–
Skilled agricultural and fishery workers					–	–	–	–	–	–
Craft and related trades					–	–	–	–	–	–
Plant and Machine Operators					6	5	1	6	5	1
Elementary Occupations					–	–	–	–	–	–
TOTAL PERSONNEL NUMBERS	9	–	–	–	1,339	1,187	100	1,339	1,187	100
% increase					–	–	–	–	–	–
Total municipal employees headcount	6, 10				1,250	1,139	7	1,250	1,139	7
Finance personnel headcount	8, 10				83	75	1	83	75	1
Human Resources personnel headcount	8, 10				17	15	1	17	15	1

Table SA24 Capital expenditure Function

R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital Expenditure - Functional	1															
<i>Governance and administration</i>		157	157	157	157	157	157	157	157	157	157	157	157	1,885	1,999	2,118
Executive and council		95	95	95	95	95	95	95	95	95	95	95	95	1,139	1,207	1,280
Finance and administration		62	62	62	62	62	62	62	62	62	62	62	62	746	791	839
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	45,657	48,396	51,300
Community and social services		1,811	1,811	1,811	1,811	1,811	1,811	1,811	1,811	1,811	1,811	1,811	1,811	21,728	23,032	24,414
Sport and recreation		143	143	143	143	143	143	143	143	143	143	143	143	1,720	1,823	1,932
Public safety		12	12	12	12	12	12	12	12	12	12	12	12	150	159	168
Housing		1,838	1,838	1,838	1,838	1,838	1,838	1,838	1,838	1,838	1,838	1,838	1,838	22,059	23,383	24,786
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		4,908	4,908	4,908	4,908	4,908	4,908	4,908	4,908	4,908	4,908	4,908	4,908	58,899	62,433	66,179
Planning and development		1,642	1,642	1,642	1,642	1,642	1,642	1,642	1,642	1,642	1,642	1,642	1,642	19,709	20,891	22,145
Road transport		3,246	3,246	3,246	3,246	3,246	3,246	3,246	3,246	3,246	3,246	3,246	3,246	38,951	41,288	43,765
Environmental protection		20	20	20	20	20	20	20	20	20	20	20	20	239	253	269
<i>Trading services</i>		2,193	2,193	2,193	2,193	2,193	2,193	2,193	2,193	2,193	2,193	2,193	2,193	26,317	27,896	29,570
Energy sources		2,026	2,026	2,026	2,026	2,026	2,026	2,026	2,026	2,026	2,026	2,026	2,026	24,309	25,768	27,314
Water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		167	167	167	167	167	167	167	167	167	167	167	167	2,008	2,129	2,256
<i>Other</i>		3	3	3	3	3	3	3	3	3	3	3	3	30	32	34
Total Capital Expenditure - Functional	2	11,066	11,066	11,066	11,066	11,066	11,066	11,066	11,066	11,066	11,066	11,066	11,066	132,788	140,755	149,201
Funded by:																
National Government		8,752	8,752	8,752	8,752	8,752	8,752	8,752	8,752	8,752	8,752	8,752	(33,659)	62,615	66,187	69,956
Provincial Government		1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716	16,716	35,587	36,693	60,147
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital		10,468	10,468	10,468	10,468	10,468	10,468	10,468	10,468	10,468	10,468	10,468	(16,943)	98,202	102,880	130,103
Public contributions & donations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		598	598	598	598	598	598	598	598	598	598	598	28,009	34,586	37,875	19,097
Total Capital Funding		11,066	11,066	11,066	11,066	11,066	11,066	11,066	11,066	11,066	11,066	11,066	11,066	132,788	140,755	149,201

Table SA30 Budgeted cash flow

KZN216 Ray Nkonyeni - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand															
Cash Receipts By Source													1		
Property rates	28,418	28,418	28,418	28,418	28,418	28,418	28,418	28,418	28,418	28,418	28,418	28,418	341,011	323,961	383,215
Service charges - electricity revenue	7,877	7,877	7,877	7,877	7,877	7,877	7,877	7,877	7,877	7,877	7,877	7,877	94,525	85,073	106,209
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	4,879	4,879	4,879	4,879	4,879	4,879	4,879	4,879	4,879	4,879	4,879	4,879	58,549	55,622	65,786
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	245	245	245	245	245	245	245	245	245	245	245	245	2,939	2,645	3,302
Interest earned - external investments	283	283	283	283	283	283	283	283	283	283	283	283	3,400	3,400	3,820
Interest earned - outstanding debtors	299	299	299	299	299	299	299	299	299	299	299	299	3,582	1,254	4,025
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	934	934	934	934	934	934	934	934	934	934	934	934	11,211	7,848	12,597
Licences and permits	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	12,615	11,984	14,174
Agency services	3	3	3	3	3	3	3	3	3	3	3	3	30	30	34
Transfer receipts - operational	18,144	18,144	18,144	18,144	18,144	18,144	18,144	18,144	18,144	18,144	18,144	18,144	217,730	218,711	222,685
Other revenue	2,696	2,696	2,696	2,696	2,696	2,696	2,696	2,696	2,696	2,696	2,696	2,696	32,347	25,878	15,356
Cash Receipts by Source	64,828	64,828	64,828	64,828	64,828	64,828	64,828	64,828	64,828	64,828	64,828	64,828	777,940	736,405	831,203
Other Cash Flows by Source															
Transfer receipts - capital	8,184	8,184	8,184	8,184	8,184	8,184	8,184	8,184	8,184	8,184	8,184	8,184	98,202	102,880	130,103
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)													-	-	-
Proceeds on disposal of PPE													-	-	-
Short term loans													-	-	-
Borrowing long term/refinancing													-	-	-
Increase (decrease) in consumer deposits	83	83	83	83	83	83	83	83	83	83	83	83	1,000	900	1,050
Decrease (Increase) in non-current debtors													-	-	-
Decrease (increase) other non-current receivables													-	-	-
Decrease (increase) in non-current investments													-	-	-
Total Cash Receipts by Source	73,095	73,095	73,095	73,095	73,095	73,095	73,095	73,095	73,095	73,095	73,095	73,095	877,143	840,185	962,356
Cash Payments by Type															
Employee related costs	28,552	28,552	28,552	28,552	28,552	28,552	28,552	28,552	28,552	28,552	28,552	28,552	342,624	335,772	384,972
Remuneration of councillors	2,248	2,248	2,248	2,248	2,248	2,248	2,248	2,248	2,248	2,248	2,248	2,248	26,974	26,974	30,308
Finance charges	357	357	357	357	357	357	357	357	357	357	357	357	4,286	4,286	4,815
Bulk purchases - Electricity	6,390	6,390	6,390	6,390	6,390	6,390	6,390	6,390	6,390	6,390	6,390	6,390	76,677	72,843	94,313
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	42,626	41,773	47,894
Contracted services	4,201	4,201	4,201	4,201	4,201	4,201	4,201	4,201	4,201	4,201	4,201	4,201	50,412	50,412	56,646
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	746	746	746	746	746	746	746	746	746	746	746	746	8,950	8,055	9,945
Other expenditure	19,157	19,157	19,157	19,157	19,157	19,157	19,157	19,157	19,157	19,157	19,157	19,157	229,883	206,895	241,034
Cash Payments by Type	65,203	65,203	65,203	65,203	65,203	65,203	65,203	65,203	65,203	65,203	65,203	65,203	782,432	747,010	869,929
Other Cash Flows/Payments by Type															
Capital assets	10,512	10,512	10,512	10,512	10,512	10,512	10,512	10,512	10,512	10,512	10,512	10,512	126,149	98,290	75,563
Repayment of borrowing	2,241					2,241				2,241			6,722	5,624	
Other Cash Flows/Payments													-	-	-
Total Cash Payments by Type	77,956	75,715	75,715	75,715	75,715	77,956	75,715	75,715	75,715	77,956	75,715	75,715	915,303	850,924	945,492
NET INCREASE/(DECREASE) IN CASH HELD	(4,860)	(2,620)	(2,620)	(2,620)	(2,620)	(4,860)	(2,620)	(2,620)	(2,620)	(4,860)	(2,620)	(2,620)	(38,160)	(10,738)	16,864
Cash/cash equivalents at the month/year begin:	95,305	90,444	87,824	85,205	82,585	79,965	75,105	72,485	69,865	67,245	62,385	59,765	95,305	57,145	46,407
Cash/cash equivalents at the month/year end:	90,444	87,824	85,205	82,585	79,965	75,105	72,485	69,865	67,245	62,385	59,765	57,145	57,145	46,407	63,271

Table SA34a Capital expenditure on new assets

KZN216 Ray Nkonyeni - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		-	-	-	45,462	43,194	43,194	51,287	36,622	19,326
Roads Infrastructure		-	-	-	30,348	30,348	30,348	21,362	17,950	8,800
Roads					30,348	30,348	30,348	8,800	10,400	1,250
Road Structures								12,562	7,550	7,550
Road Furniture								-		
Capital Spares										
Storm water Infrastructure		-	-	-	6,030	4,030	4,030	7,500	13,417	5,650
Drainage Collection					6,030	4,030	4,030	7,500	13,417	5,650
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		-	-	-	9,084	8,816	8,816	22,425	5,255	4,876
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors					3,472	3,472	3,472			
MV Substations										
MV Switching Stations								650	650	650
MV Networks										
LV Networks					5,612	5,344	5,344	21,775	4,605	4,226
Capital Spares										
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution										
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Pump Station										
Reticulation										
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Data Centres										
Core Layers										
Distribution Layers										

Table SA36 List of Capital Projects

KZN216 Ray Nkonyeni - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2017/18 Medium Term Revenue & Expenditure Framework			Project information	
R thousand	4									Audited Outcome 2015/16	Current Year 2016/17 Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
Parent municipality: List all capital projects grouped by Municipal Vote																
Cluster 1					Yes	Roads Infrastructure	Roads					10,300			ward 30, 31, 32, 33	
Cluster 2					Yes	Roads Infrastructure	Roads					7,000			ward 7, 8, 9, 29	
Cluster 3					Yes	Electrical Infrastructure	Power Plants					6,000			ward 1, 2, 6, 10, 11, 19	
Cluster 4					Yes	Electrical Infrastructure						28,021			ward 3, 5, 25, 26, 27, 28	
Cluster 5					Yes	Roads Infrastructure						5,362			Ward 21, 22, 23, 24	
Cluster 6					Yes	Electrical Infrastructure						30,555			Ward 4, 17, 18, 20	
Cluster 7					Yes	Roads Infrastructure						7,900			Ward 12, 13, 14, 15, 16	
Municipal Wide					Yes							34,265			all wards	
Parent Capital expenditure	1											129,403	-	-		

Quality Certificate

I, Sihle Maxwell Mbili , the **Municipal manager** of the RAY NKONYENI LOCAL Municipality, hereby certify that the Table Budget 2017/18 and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and Regulations made under the Act, and that the Final Budget and supporting documentation are consistent with the Integrated Development Plan of the municipality.

.....
Sihle Maxwell Mbili

RAY NKONYENI LOCAL Municipality

.....
Date

Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days).

Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Of the five interns four have been appointed permanently. The remaining two are still under the training and municipality has an obligation to replace the vacant positions of the three interns.

Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

Audit Committee

An Audit Committee is shared with other municipalities within the district and is fully functional.

Service Delivery and Implementation Plan

The detail 2017/18 draft SDBIP document will be compiled and will be tabled before council.

Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

The other tables in the budget are for property rates and this information may not be consolidated since we will be using our individual valuation roll and tariffs.

Attached

Quality Certificate

I, Sihle Maxwell Mbili , the **Municipal manager** of the RAY NKONYENI LOCAL Municipality, hereby certify that the Table Budget 2017/18 and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and Regulations made under the Act, and that the Final Budget and supporting documentation are consistent with the Integrated Development Plan of the municipality.

.....
Sihle Maxwell Mbili

RAY NKONYENI LOCAL Municipality

.....
Date